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Auditor of State**NEWS RELEASE**Contact: David A. Vaudt
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515/281-5834FOR RELEASE July 8, 2010

Auditor of State David A. Vaudt today released a report on a special investigation of the Muscatine County Drug Task Force (Task Force). The report covers the period January 1, 2004 through November 30, 2009. The special investigation was requested by officials of the Iowa Division of Criminal Investigation (DCI) as a result of concerns identified regarding controls over cash held at the Task Force. Cash had been kept in a safe in the Task Force's secured evidence room. After the Muscatine County Attorney requested the Task Force release \$5,260.00 of cash seized in a case, Task Force officials discovered the cash for the case was not in the safe. Task Force staff searched for the missing cash but it was not located in the safe or in the evidence room. Task Force officials later determined \$850.00 of cash associated with 2 additional cases could not be located in the safe or the evidence room.

Vaudt reported the special investigation identified additional variances between the cash and property held in custody by the Task Force and the supporting documentation. Specifically, the procedures performed identified the following 3 cases, in addition to cases with insignificant variances:

- 1 case for which there is a variance between the supporting documentation and the cash located in the evidence room or otherwise properly disposed of, which resulted in \$1,500.00 of unaccounted for cash.
- 1 case which included a \$500.00 money order documented in the case file. However, neither an evidence card nor the money order could be located.
- 1 case which included an in-dash CD player and 2 dual cone speakers documented in the case file. However, neither an evidence card nor the items could be located.

When combined with the 3 cases identified by Task Force officials, a total of \$8,110.00 of cash and money orders were identified which could not be located. The value of the CD player and speakers is not known. Vaudt also reported it could not be determined whether additional cash or property may be unaccounted for because auditors were unable to ensure all case files and related documentation were available for review.

In addition, Vaudt reported documentation maintained by the Task Force was not adequate to determine the disposition of all property seized, forfeited or found. The report also includes recommendations to the Task Force to strengthen controls surrounding the contents of the evidence room and improve documentation of the related case files and evidence control sheets.

Copies of the report have been filed with the Muscatine County Drug Task Force, the Division of Criminal Investigation, the Muscatine County Attorney's Office and the Attorney General's Office. A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/specials/index.html>.

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**REPORT ON SPECIAL INVESTIGATION
OF THE
MUSCATINE COUNTY DRUG TASK FORCE

FOR THE PERIOD
JANUARY 1, 2004 THROUGH NOVEMBER 30, 2009**

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Auditor of State's Report

To Ardyth Orr, Commander of the
Muscatine County Drug Task Force:

At the request of officials from the Iowa Division of Criminal Investigation (DCI) and as a result of concerns identified at the Muscatine County Drug Task Force (Task Force), we conducted a special investigation of the Task Force. We have applied certain tests and procedures to certain transactions and records of the Task Force for the period January 1, 2004 through November 30, 2009 and evidence held as of November 18, 2009. Based on a review of relevant information and discussions with representatives of the Task Force and the DCI, we performed the following procedures:

- (1) Reviewed internal controls to determine whether adequate policies and procedures were in place regarding seized property.
- (2) Reviewed internal controls to determine whether adequate policies and procedures were in place for the preparation and maintenance of case files.
- (3) Reviewed available documentation regarding seized property and evidence and its subsequent disposition or the proceeds from its sale. Documentation included evidence control sheets and case files from the Task Force. Property included, but was not limited to, cash, weapons and controlled substances.
- (4) Compared non-evidentiary cash on hand to ledgers for petty cash, High Intensity Drug Trafficking Area (HIDTA) funds and buy funds.
- (5) Compared available documentation to the contents of the evidence room to determine if all seized and found property and evidence recorded in the documentation could be located in the evidence room or otherwise accounted for. We also attempted to trace all contents of the evidence room to documentation in the related case file to ensure the documentation was complete.

These procedures identified a number of variances between the property held by the Task Force and the documentation related to the property. Specifically, the procedures identified:

- 4 cases for which variances between the supporting documentation and the cash counted or other documented disposition result in \$7,610.00 of unaccounted for cash.
- 1 case for which a variance exists between the notations in the case file and the miscellaneous items inventoried. In addition, an evidence card was not located for a CD player and speakers identified in the case file.
- 1 case for which a money order in the amount of \$500.00 was identified in the case file but an evidence card was not located for the money order.

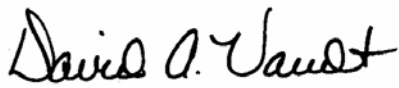
A total of \$8,110.00 of cash and money orders were identified which could not be located. The value of the CD player and speakers is not known. We were unable to determine whether additional cash and property may be unaccounted for because we are unable to ensure all case files and related documentation were available for our review.

We also determined documentation maintained by the Task Force was not adequate to determine the disposition of all property seized. Several internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Investigative Summary of this report.

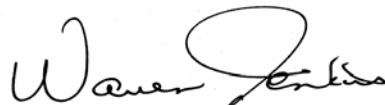
The procedures described above do not constitute an audit of financial statements conducted in accordance with U. S. generally accepted auditing standards. Had we performed additional procedures, or had we performed an audit of financial statements of the Muscatine County Drug Task Force, other matters might have come to our attention that would have been reported to you.

Copies of this report have been filed with the Muscatine County Drug Task Force, the Division of Criminal Investigation, the Muscatine County Attorney's Office and the Attorney General's Office.

We would like to acknowledge the assistance and many courtesies extended to us by the officials and personnel of the Division of Criminal Investigation and the Muscatine County Drug Task Force during the course of our review.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

June 16, 2010

Muscatine County Drug Task Force
Investigative Summary

Background Information

The Muscatine County Drug Task Force (Task Force) includes representatives of the Muscatine County Sheriff's Office, the City of Muscatine Police Department and the Division of Narcotics Enforcement (DNE). These law enforcement organizations assign officers to work with the Task Force in an undercover capacity to track and arrest individuals participating in drug trafficking. The Commander of the Task Force is responsible for overall operations of the Task Force.

The Task Force office is located in a County-owned facility. The Task Force maintains an evidence room which is used to store items seized, forfeited or found during investigations. Cash which is seized, forfeited or found is kept in a safe located inside the evidence room. Cash is also kept in the evidence room for the Task Force's petty cash account, buy funds and High Intensity Drug Trafficking Area (HIDTA) funds. Items are also periodically stored in a temporary holding location, a locked lateral file, outside the evidence room but within the Task Force's office.

The evidence room is secured by a door which requires both a key and an electronic security code to gain entry. At any given time, 2 Task Force members have a key to the door and know the current electronic security code to gain access to the evidence room. The 2 individuals also have the combination to the safe. The 2 Task Force members with access to the evidence room are referred to as Evidence Custodians. When the Evidence Custodians are rotated off the Task Force, their duties are reassigned to another officer.

The Evidence Custodians are responsible for the control and maintenance of all property and evidence accepted by the Task Force or stored in the Task Force's evidence room. In addition, the Evidence Custodians are responsible for the control and maintenance of the safe and the locked bins of narcotics and handguns located inside the evidence room. Also, the Evidence Custodians are responsible for maintenance of the temporary evidence drawer which is not located in the evidence room.

When non-cash property is seized or recovered, the property is placed in a locked temporary evidence drawer by the officer until it is processed into evidence. Evidence is to be processed out of the temporary holding drawer and into the evidence room within a few days after seizure. This process begins with the case officer recording the information from the seizure control sheet on an evidence card spreadsheet. The entry includes a description of the evidence, the seizing officer, the date and any other information available about the evidence. From the spreadsheet, 2 copies of an evidence card are prepared. The first copy is placed into an evidence binder and the second copy is placed with the evidence inside the evidence room. The copy of the card in the evidence binder is used to monitor and track any movement of the evidence. The bottom of the card includes a space where the officers are to document when evidence is placed in the evidence room and when it is removed. According to a Task Force representative, the cards are not always marked when evidence is removed from the evidence room.

When cash is seized or recovered, the same procedures are to be followed, except the cash is to be placed in the safe located in the evidence room. If neither of the Evidence Custodians are available at the time the cash is counted, the cash is to be placed in a locked drawer in the Commander's desk. Only the Commander has access to the desk.

A case file is established by the officers for each case. The case file is to document the property and evidence seized and other relevant case information, such as the incident reports, case narratives and the original evidence control sheet. The case files are maintained in file cabinets in the Task Force. All officers, including the Evidence Custodians, have access to the room and the case files.

In accordance with Section 809.5(1) of the *Code of Iowa*, "Seized property shall be returned to the owner if the property is no longer required as evidence or the property has been photographed and the photograph will be used as evidence in lieu of the property, if the property is no longer required for use in an investigation, if the owner's possession is not prohibited by law, and if a forfeiture claim has not been filed on behalf of the state."

Notice is to be provided to the property owner stating the seized property is released and must be claimed within 30 days of receipt of the notice and the owner must take possession of the property within 30 days of the expiration of the period of time for filing a written claim. If no written claim is filed within 30 days from the date of receipt of the notice or if a written claim is filed but the claimant does not take possession of the property within 30 days of the expiration of the period of time for filing the written claim, the property shall be deemed abandoned and disposed of accordingly.

According to the *Code of Iowa*, the property may also be deemed abandoned in the event an owner cannot be located. In this event, the *Code of Iowa* allows the seizing agency to dispose of the property in any reasonable manner.

Seized property may eventually be forfeited to the seizing agency after appropriate court proceedings. Iowa Administrative Code 61-33.5 required 10% of forfeited cash be remitted to the Attorney General's Office and the remaining 90% be given to the seizing agency for its use or for division among law enforcement agencies and prosecutors pursuant to an agreement. According to the Commander of the Task Force, of the remaining 90%, 15% is allocated to the Task Force and the County Attorney's Office, the Muscatine Police Department, the Muscatine County Sheriff's Office and the Department of Public Safety each receive 18.75%.

When the County Attorney determines seized cash is to be forfeited, a notice is sent to the Task Force to release the cash and turn it over to the County Forfeiture account. After the funds are deposited to the County Forfeiture account, they are released to the agencies participating in the Task Force based on the stated percentages.

In November 2009, the County Attorney determined seized cash for a case was to be forfeited. Case #TF-0816 was established in August 2008 and involved \$5,260.00 of seized cash. According to available documentation, the cash was recorded on an evidence card and stored in the evidence room. However, Task Force representatives were unable to locate any cash with the appropriate case number in the safe or elsewhere at the Task Force. In addition, there was no documentation showing the disposition of the cash. Because the seized cash could not be located, Task Force representatives compared the cash in the safe to the evidence listed on the evidence control spreadsheet and other documentation. As a result of the comparison, 2 additional cases were identified:

- Case #04-14119. The case was established in 2004 and involved \$350.00 of seized cash. However, according to available documentation, the cash was not recorded on an evidence card or stored in the evidence room.
- Case #08-10773. The case was established in 2008 and involved \$500.00 of drug buy money which was recovered and should have been redeposited with other buy money. However, according to available documentation, the cash was not properly redeposited.

As a result of the concerns identified, a representative from the Task Force contacted an official of the Division of Criminal Investigation (DCI). In addition, the Office of Auditor of State was requested to conduct an investigation of the Task Force's property and evidence room and related policies and procedures.

On November 16, 2009, custody of the Task Force's evidence room was turned over to the DCI and the Office of Auditor of State so a complete inventory could be completed by audit staff.

Detailed Findings

From November 16, 2009 through November 18, 2009, we performed a complete inventory of all property and evidence held by the Task Force. The inventory consisted primarily of cash, weapons and controlled substances, but also included other miscellaneous items. Each primary category of evidence will be addressed individually. We also reviewed all available files for the period January 1, 2004 through December 31, 2005 and January 1, 2008 through November 30, 2009. In addition, we reviewed the evidence control sheets and the log maintained by the Evidence Custodians. Based on the number of case files maintained by the Task Force and the limited number of variances identified for the case files reviewed, we determined it was cost prohibitive to review additional case files for the period January 1, 2006 through December 31, 2007.

We compared the inventory listing we prepared to information obtained from the case files, evidence control sheets or other supporting documentation. The comparison allowed us to determine whether all property and evidence recorded in the case files were accounted for. **Table 1** summarizes the number of cases for which we were able to determine property was seized and the results of our comparison to the inventory listing.

Table 1

Comparison of Inventoried Property to Supporting Documentation	For Cases Established During		
	01/01/04 – 12/31/05	01/01/08 – 11/30/09	Total
Property was present and agreed with the case file and other supporting documentation	59	52	111
Property was not in agreement with case file or other supporting documentation.	3	3	6
Case files	62	55	117
Property was in the evidence room, but we were unable to locate the related case file.	1	2	3
Property was in the evidence room, but we were unable to locate the related report in the case file.	1	6	7
Total	64	63	127

Table 2 lists the case numbers for which we determined cash or other property seized was not in the evidence room and we were unable to otherwise account for it.

Table 2

Case Number	Items Identified in Case Files but not Located or Accounted for	
	Cash / Money Order	Other Property
0408046	\$ 500.00	Hy-Vee money order
0414119	350.00	-
TF0412	-	Pioneer in-dash CD player and 2 dual cone speakers (unknown value)
0810773	500.00	-
TF0816	5,260.00	-
09025251	1,500.00	-
Total	\$ 8,110.00	

As illustrated by **Table 2**, we identified 6 cases for which a significant variance existed between the case file and our inventory listing. The 6 cases include:

- 4 cases for which the supporting documentation included cash but the cash was not located in the evidence room or otherwise properly disposed of, which resulted in \$7,610.00 of unaccounted for cash.
- 1 case which included a \$500.00 money order documented in the case file. However, neither an evidence card nor the money order could be located.
- 1 case which included 3 electronic items documented in the case file. However, neither an evidence card nor the items could be located.

We also identified property in the evidence room for 3 cases for which we were unable to locate the related case files and 7 cases for which the related case files did not contain the reports necessary to support property maintained in the evidence room. We were unable to determine whether additional cash and property may be unaccounted for because we were unable to ensure all case files and related documentation were available for our review.

We also identified other differences between the supporting documentation in the case files and the items we inventoried. The differences are explained in the following paragraphs.

Cash – We counted cash associated with 17 cases for the period of our investigation. The cash totaled \$6,117.90. With the exception of the cases listed in **Table 2**, we did not identify any cases which included documentation additional cash should have been located in the evidence room. However, we determined \$91.00 of cash counted for case number 09037461 was not properly documented in the case file. Without reviewing all case files held by the Task Force and because we are unable to identify any case files which may have been removed from the Task Force’s office, we are unable to determine if there are other cases for which cash was not located in the evidence room and not properly recorded in the case file. In addition, we were unable to determine whether additional cash may be unaccounted for because we were unable to ensure all case files and related documentation were available for our review.

We also counted the cash held by the Task Force for petty cash, HIDTA funds and buy funds and compared these amounts to their respective ledgers. We did not identify any variances.

Weapons – Section 809A.17(5) of the *Code of Iowa* states, in part, “Forfeited property which is a weapon or ammunition shall be deposited with the department of public safety to be disposed of in accordance with the rules of the department. All weapons or ammunition may be held for use in law enforcement, testing, or comparison by the criminalistics laboratory, or destroyed. Ammunition and firearms which are not illegal and are not offensive weapons as defined by section 724.1 may be sold by the department as provided in section 809.21.”

We inventoried all weapons located in the evidence room. When we reviewed the forfeiture case files, we did not identify any weapons which went through the forfeiture process. With the exception of 5 weapons, each weapon inventoried was traced to appropriate documentation in the related case files established during the period of our review. The remaining 5 weapons did not have an evidence tag affixed. As a result, we were unable to determine if they were seized or the proper disposition of the weapons. Task Force officials were unable to provide additional information.

According to an Evidence Custodian, when the Task Force is ready to dispose of weapons kept in the evidence room, they are sent to the criminalistics laboratory in accordance with requirements regarding disposal of weapons. Ammunition seized by the Task Force is used at the gun range by officers in training assignments, if possible. If this is not possible, the ammunition is also sent to the criminalistics laboratory in accordance with requirements regarding disposal.

Controlled Substances – Section 124.506(1) of the *Code of Iowa* states, in part, “...the court having jurisdiction shall order such controlled substances forfeited and destroyed. A record of the place where controlled substances were seized, of the kinds and quantities of controlled substances so destroyed, and of the time, place, and manner of destruction, shall be kept, and a return under oath, reporting said destruction, shall be made to the court and to the bureau by the officer who destroys them.”

The Task Force has not established formal policies and procedures to determine when controlled substances are to be destroyed. According to information obtained, controlled substances are destroyed when the cases are resolved, including expiration of the appeals process.

We identified a number of insignificant variances between the controlled substances inventoried and related supporting documentation. The variances may have occurred as a result of an incorrect count at the time the property was recorded, the controlled substances “dried out” during the time they have been stored in the evidence room or because the controlled substances remained in their wrappings when we weighed them during our inventory.

Other property – In addition to cash, weapons and controlled substances, the evidence room also holds other miscellaneous items. For the cases we reviewed, we identified cases with variances between the supporting documentation and the miscellaneous items we inventoried. We inquired about the disposition of these items, but were unable to determine their current location. The items identified were not significant in value and included items such as cell phones, coolers, an address book and a carbon monoxide alarm. We determined it was cost prohibitive to pursue items of this nature due to their lack of value.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures used by the Muscatine County Drug Task Force to record and maintain evidence. An important aspect of internal control is to establish procedures which provide accountability for assets susceptible to loss from error and irregularities. These procedures provide the actions of one individual will act as a check on those of another and provide a level of assurance errors or irregularities will be noted within a reasonable time during the course of normal operations. Based on our findings and observations detailed below, the following recommendations are made to further strengthen the Task Force’s internal controls.

- A. Property and Evidence – During our inventory of the Task Force’s evidence room and subsequent comparison to supporting documentation, we identified a number of variances, as reported in the Detailed Findings of this report.

Recommendation – Procedures should be implemented to ensure all property in the evidence room is properly recorded in the related case files and evidence control sheets and all property recorded in the case files is properly stored in the evidence room with the appropriate case number documented on evidence.

The location or disposition should be clearly recorded on the appropriate evidence control sheets. In addition, when cash or other property are removed from the evidence room, the officer removing the property or evidence should sign or initial and date the appropriate evidence control sheet. The evidence control sheets should be periodically reviewed by someone independent of the custody of the evidence room.

Case narratives should clearly document if any evidence was seized and if any evidence was destroyed at the site.

Periodic inventories should be conducted by someone independent of custody of the evidence room and the inventory should compare property to supporting documentation in case files and the evidence control sheets. The inventory should include the signature of the officer(s) who counted the property. Also, inventories should be conducted whenever the Evidence Custodians change.

- B. Remittance of Cash and Controlled Substances – During our inventory, there was cash and controlled substances with Division of Narcotics Enforcement (DNE) case numbers which had been in evidence for an extended period of time. According to a Task Force representative, this evidence is to be turned over to the Department of Public Safety in Des Moines in a timely manner. We identified cash in the safe which had been seized 6 months prior to our inventory and controlled substances which had been seized over 5 years before the inventory.

Recommendation – The Task Force should implement procedures which ensure cash and controlled substances are submitted to the Department of Public Safety in a timely manner. The Evidence Custodians should periodically review the evidence control sheets to ensure property from DNE cases are handled in a timely manner.

- C. Evidence Log – During our investigation, we determined the evidence log was not always kept up-to-date. There were instances where the evidence card binder stated the evidence was in the evidence room, but the evidence had actually been destroyed or forfeited in accordance with an order from the County Attorney.

Recommendation – The Task Force should implement procedures to ensure the case number, a description of the property, location in the evidence room, date, time and the officer handling the evidence are recorded in the evidence binder at the time property is stored in the evidence room. In addition, procedures should be implemented which ensure the case number, a description of the property, date, time, name of the officer and the reason for removing property from the evidence room are recorded at the time property is taken from the evidence room.

- D. Evidence Cards – During our investigation, we determined not all property had an evidence card attached to it. Each piece of property should have an evidence card attached so it can be identified by case number.

Recommendation – The Task Force should implement procedures to ensure an evidence card is attached to each piece of property stored in the evidence room.

- E. Evidence Security – During our investigation, we determined not all evidence was secured inside the evidence room. Some evidence was tagged and left in the corner of the Task Force office, while other evidence was too large or awkward to fit into the evidence room.

Recommendation – The Task Force should implement procedures to ensure all evidence is stored in a secure location. Evidence should not be stored in general work areas of the Task Force office, leaving it vulnerable to tampering. Arrangements should be made for another secure location for items which will not fit in the evidence room. In addition, the items not stored in the evidence room should be recorded in the evidence binder with the appropriate location clearly documented.

- F. Timely Processing – We determined not all property was moved from the temporary holding area to the evidence room in a timely manner. We identified items which had been in the temporary holding area for over 2 months.

Recommendation – Property placed in the temporary holding area should be processed and moved to the evidence room in a timely manner. Property is more secure after it has been processed and is tagged in the evidence room.

Report on Special Investigation of the
Muscatine County Drug Task Force

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
Brett C. Conner, Staff Auditor
Michael J. Hackett, Senior Auditor

A handwritten signature in black ink, reading "Tamera S. Kusian". The signature is written in a cursive style with a large, stylized 'T' and 'K'.

Tamera S. Kusian, CPA
Deputy Auditor of State